

Overview of Suggested Package

- (1) Create a **Water Resource Trust Fund** and dedicate .05 of 1 cent of sales tax (approximately \$11.1 million annually) towards the fund. Fund would support a spectrum of interrelated water management activities, water funds and other water management activities.
- (2) The **Water Resource Trust Fund** would be distributed as follows:
 - (a) **Replace annual general fund appropriations of \$6.3 million** to Nebraska Resources Development Fund, Soil and Water Conservation Fund, and Small Watershed Fund.
 - (b) **New money of \$4.8 million would be dedicated** to (i) fund research/data needs and planning and implementation of interrelated management plans to manage ground and surface water; and (ii) funds tools to resolve inequities between ground and surface water users in over appropriated basins. At least 40% of money dedicated to fund on an annual basis must be used in this area.
 - (c) Balance to be distributed for ground/surface water management activities, water quality activities, or carried over.
 - (d) The Natural Resources Commission with input from the Director of the Dept. of Natural Resources will establish rules for the distribution of funds according to guidelines above.
- (3) **NRDs must provide matching funds** for use of funds under (2)(b). The subcommittee recommends NRD matching funds of at least 20% for (2)(b)(i). Total NRD contribution would be roughly \$1.4 million annually.
- (4) **NRD groundwater management activities would be exempt** from the statutory 2 ½ % budget lid placed on NRD budgets. The 4 ½ cent property tax levy lid would remain. The budget lid exemption is needed to allow NRDs to raise the necessary funds for matching contributions.
- (5) It is expected the Environmental Trust Fund will continue to prioritize and continue to direct funding towards water management activities. The Environmental Trust Fund has prioritized funding of water activities in its grant program and this year roughly \$1 million in grants were awarded to funding of projects and activities related to water issues.
- (6) The Water Resources Trust Fund could also receive income from other dedicated sources, federal sources or private grant funds or contributions.

Insert Table from page 2 (Detail of New Funding Package)

Annual Budget Detail of New Funding Package⁽¹⁾

	State Contributions to Nebraska <u>Water Trust Fund</u>	Local Match Local <u>Expenditures*</u>	<u>Total</u>
1. Existing DNR Funds			
Resources Development Fund	3,600,000		
Small Watersheds	24,000		
Soil & Water Cons. Fund	2,700,000		
Interrelated Water Mgmt. Fund	----		
2. Interrelated Research/Data	1,193,000	707,000	
Data Gathering/Organizing			
COHYST Type Studies			
Local Specialized Studies			
3. Tools in Over Appropriated Basins	3,500,000	700,000	
Alternative Supplies			
Incentives			
Compensation			
4. Discretionary/Other GW Mgmt. Funding ⁽²⁾	83,000	?	
TOTAL⁽³⁾	11,100,000	1,407,000	12,507,000

(1) It would be required that at least 38-40% of the fund be dedicated to activities 2 and 3. Decisions on funding distribution would be made by the Natural Resources Commission with the input of the Director of Natural Resources.

(2) This category contains a small amount of funding that could be used for groundwater management activities rather than interrelated water management activities per se. However, in early years it is anticipated that uses will be for interrelated management activities.

(3) In addition to the funds noted above, it is anticipated that funds redirected from settled lawsuits will be used to help pay Natural Resources District interrelated management costs in the Republican and Platte basins.